

FINAL REPORT

LEGISLATIVE COUNCIL

**ENERGY
INTERIM COMMITTEE
2003 - 2004**

Energy Interim Committee

HCR 9 (2003)

Members

Senator Brent Hill, Co-chair
Senator Joe Stegner
Senator Laird Noh
Senator Sheila Sorensen
Senator Elliot Werk

Representative George Eskridge, Co-chair
Representative Bert Stevenson
Representative Maxine Bell
Representative Steve Smylie
Representative Charles Cuddy

Staff: Mike Nugent and Toni Hobbs

Table of Contents

Charge	1
Meetings	1
Scope of Study	1
Recommendations	2

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Charge

The energy interim committee was a two year committee formed in 2003 pursuant to the authority of HCR 9 of 2003. The resolution authorized the committee to undertake and complete a study of energy related issues from both the statewide perspective and the national perspective. The Committee was directed to involve representatives of industry, agricultural groups, small businesses, consumers of electricity and conservation interests. The resolution required that the committee report its findings, recommendations and proposed legislation, if any to the First Regular Session of the Fifty-eighth Idaho Legislature.

The members of the committee were Senator Brent Hill (Co-chair), Representative George Eskridge (Co-chair), Senator Laird Noh, Senator Sheila Sorensen, Senator Joe Stegner, Senator Elliot Werk, Representative Bert Stevenson, Representative Maxine Bell, Representative Steve Smylie and Representative Charles Cuddy.

Meetings

The committee held a total of seven meetings and a subcommittee of the committee held a total of two meetings. All of the meetings were held at the Idaho State Capitol in Boise. Following is a list of the meeting dates:

June 4, 2003
October 28, 2003
January 15, 2004
January 22, 2004
June 2, 2004
September 1, 2004
November 15, 2004

A subcommittee of the full committee met on September 30 and October 27, 2003.

Scope of Study

The committee reviewed the energy situation both nationally and in Idaho. It looked at the increasing price of natural gas in the west and in the country. It looked at how the General

Agreement on Trade and Services might trump state law in energy issues and sent a letter to the U.S. Trade Representative expressing its concern. The committee met to try to foster a taxation environment to encourage the siting of renewable energy facilities in Idaho.

Recommendations

The energy committee voted to recommend two pieces of legislation be introduced in the Legislature in 2004. These pieces of legislation were eventually House Bill No 760 and House Bill No. 761 of 2004.

House Bill No. 760 would have provided an investment tax credit against state income taxes for investments in wind turbines, solar energy, low impact hydro, industrial waste, animal waste, municipal waste, geothermal resources, other renewable resources. This credit was patterned after the broadband tax credit that was enacted in 2001. The credit would escalate if a qualifying facility was to be located in certain economically depressed counties. The credit would have been for new investment for tax years 2004 through 2009.

House Bill No. 761 would have provided an income tax credit of one-half cent per kilowatt hour for electric energy generated by wind turbines, solar energy, low impact hydro, industrial waste, animal waste, municipal waste, geothermal resources and other renewable resources. The facility would have had to have been constructed after January 1, 2004, to qualify.

Both bills passed the Legislature with no dissenting votes on the floor of either house when the bills were in their final form. However, the Governor vetoed both bills.

After the Governor's vetoes, the Committee went back to work in the interim of 2004 and recommended that rather than income tax credits for incentives, that a sales and use tax exemption be granted for a six year period for sales of machinery and equipment used in the alternative methods of generation of electricity.

The Committee also recommended that legislation be introduced to provide for the creation of an Idaho Energy Resources Authority which would be an independent body corporate politic with the authority to issue revenue bonds for the construction and expansion of generation and transmission facilities by cities, cooperatives, Idaho utilities and for renewable energy projects by independent power producers.

The Committee also recommended that legislation be introduced in the form of a concurrent resolution to authorize an interim legislative committee on energy to continue to meet.